

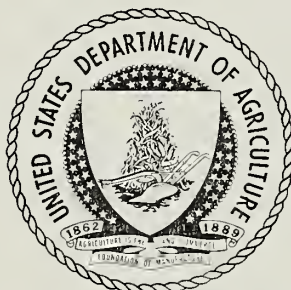
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The Food and Agriculture Act of 1962

A Descriptive Summary

The Act (Public Law 87-703) consists of four main Titles, each of which is directed to improving and up-dating Federal programs in a broad area of action.

Title I provides new authority and resources for putting land to optimum economic and social uses. It gives added depth and breadth to the nationwide Rural Areas Development Program, offers alternatives to the use of land for surplus crop production, opens the way for an expansion of outdoor recreational facilities on locally-owned lands, and gives new impetus to the conservation of land and water resources, flood prevention, development of local water supply and similar measures for realigning and improving land use.

Title II provides new authorities for program activities calculated to promote the consumption of agricultural commodities abroad through amendments to the Food for Peace legislation.

Title III provides the Secretary of Agriculture with new authority to work with farmers to bring agricultural production in line with domestic and export needs, improve and stabilize farm income, reduce surplus stocks, and to reduce the costs of farm programs. The 1963 wheat program calls for voluntary diversion of land from production and is similar to the 1962 program. A new wheat program for 1964 will serve to manage supplies if it is approved by two-thirds of the growers in a referendum. The current feed grain program will be continued, with some changes, in 1963. Starting next year, wheat and feed grain producers who participate in the programs will receive direct payment of 18 cents a bushel. They also will receive payments for diverting land from these crops.

Title IV authorizes the Department to make loans for recreational development and facilities to individual farmers and to associations serving farmers and other rural people. Among other provisions, the law authorizes that the total amount of real estate loans that may be made out of the insurance fund and held on hand at any one time is increased from \$10 million to \$25 million.

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Title I

NEW TOOLS FOR LAND USE ADJUSTMENT AND RURAL AREAS DEVELOPMENT

Valuable new resources for putting land to uses desired by the people -- not the production of surplus crops -- are authorized in Title I of the Food and Agriculture Act of 1962. These same resources will give new strength to the nation-wide rural areas development program.

A tremendous expansion of outdoor recreational facilities for all Americans will result from the new authorities in Title I when coupled with credit authority in Title IV for "income producing recreational enterprises" and the already going programs of the U. S. Department of Agriculture.

Recreational development on locally-owned land (none of it will be bought by the Federal government) will be an important part of long-range programs to put un-needed cropland into other paying uses. Grasslands and forest lands will be expanded. So will flood prevention and development of water supply for rural and urban use and for water-based recreation. New impetus will be given to production of fish and wildlife on farm and ranch land.

Under provisions of Title I and other authorities, the Department of Agriculture is prepared to launch with local agencies and organizations: Rural renewal projects, resource conservation and development projects, and watershed recreational development.

Additional emphasis will be given to getting cropland into grass and trees to reduce crop production, increase forage and timber production, and improve food and cover for wildlife. These changes also will reduce erosion and silting of streams and water supply reservoirs.

These and other programs will aid in bringing agricultural production into balance with needs. The Department has estimated that in 1980, all domestic and greatly expanded export needs for farm products can be produced on 50 million fewer acres than were available for crops in 1959.

The new programs also mesh with aid already being received by local rural people under the Area Redevelopment Act and Accelerated Public Works Act in cooperation with the Department of Commerce and USDA.

New Land Use Adjustment Program Authorized in Section 101

Many individual farmers under this section will be eligible for additional help under long-term agreements with the Department to change cropping systems and land use and to develop soil, water, forest, wildlife, and recreational resources.

These agreements may run for as long as 10 years, except that agreements for the establishment of tree cover cannot provide for annual payments for more than five years.

For lands not in the conservation reserve, the Department can enter into agreements for assistance totaling up to \$10 million during each calendar year.

For lands coming out of the conservation reserve in 1962, the Department may provide assistance totaling up to \$15 million during 1963 calendar year.

About 25.6 million acres are now held out of crop production by the conservation reserve. Contracts expire December 31, 1962, on 1.3 million acres. These lands generally will be eligible for the new land use adjustment program.

Section 101 also provides that the Agricultural Conservation Program will continue to have Federal administration. This provision, as well as the establishment of the new land use program, is in an amendment to the Soil Conservation and Domestic Allotment Act. Previously, the Act had provided for a Federal Agricultural Conservation Program to January 1, 1963. After that time, the program was to be carried out by the States under plans approved by USDA. The States had not moved to develop these plans.

Rural Renewal, Conservation-Development Projects Authorized in Section 102

The Department will use authority provided in Section 102, together with provisions in other sections of Title I, Title IV, and presently operating programs, to aid local public agencies, sponsors, and associations to carry out Rural Renewal and Resource Conservation and Development Projects.

The Department can provide technical assistance and loans to local public agencies designated by the Governor of a State or the State legislature. A single loan exceeding \$250,000 would have to be approved by the appropriate Congressional Committees. Loans will be repaid within 30 years. However, loan repayment may be deferred up to 5 years while the project is getting underway.

These loans could be used by local authorities for such purposes as forestry, soil and water conservation, flood prevention and the reorganization of farm resources, including the preservation, development and use of natural resources. Funds also may be used for the installation of such facilities as roads, parks, water supply systems, sewage disposal and community buildings related to land conservation and use. Section 102, however, prohibits Federal help for the building of industrial parks or the establishment of private or commercial enterprises. (Under Title IV, loans may also be made to associations for shifts in land use and recreational facilities and to individual farmers and ranchers for recreational uses and facilities.)

Rural Renewal Projects provide new tools for severely disadvantaged rural areas where much of the land is not in its best use, resulting in chronic under-employment and under-developed communities. Objectives of the program are to create conditions that will make these communities attractive to private investment and individual enterprise.

Resource Conservation and Development Projects also will be locally initiated and locally sponsored. These projects will provide a framework for stepped up programs of conservation, development, and use of all land, water, and related resources within a resource area where acceleration of current conservation activities plus the use of new authorities will provide additional economic opportunities to local people.

New Impetus for Watershed Protection and Development in Sections 103-106

New recreational opportunities and new sources of future water supply for municipalities and industries can be created in Small Watershed Projects under amendments to the Watershed Protection and Flood Prevention Act (Public Law 566).

The same new authorizations also apply to the 11 watershed improvement programs authorized by the Flood Control Act of 1944.

The significance of the amendments of Public Law 566 is illustrated by these facts:

The Department already is assisting local organizations and agencies in the operation of 425 Small Watershed Projects throughout the country. Planning help has been authorized for another 366 projects. And USDA aid has been requested for an additional 969 projects. All told, the 1,760 projects in operation, in planning stage, and in pending requests cover more than 125 million acres.

The Department may now share with local public bodies up to one-half of the cost of land, easements, and rights-of-way for reservoir or other sites or areas in Small Watershed Projects to be dedicated for public recreation. The Department also may share up to one-half of the cost of providing minimum facilities for public health and safety and for access to the new recreation areas. These facilities could include water supply, sanitation, electrical service, boat anchorage and launching sites, swimming beaches, access roads, parking areas, public camp and picnic sites, trails, overlook stations, cleared public use water areas, and related administrative facilities.

State game, fish, and park agencies are eligible as sponsoring public bodies when they assume responsibility for operating and maintaining the public recreational facilities. So are counties, municipalities, and special purpose districts created by or under provisions of State legislation.

The Department also may advance funds to these eligible agencies for immediate acquisition of easements and rights-of-way for watershed project structure sites if necessary to prevent encroachment of other developments. These advances must be repaid before construction starts. The Department cannot acquire any land.

The number of watershed recreational developments is limited by law to one for each 75,000 acres of watershed area, and not to exceed three for any watershed project.

In the past watershed recreational development has not had Federal cost-sharing aid, although the Department could cooperate with local groups or agencies which assumed full responsibility for both financing and operation. Of the first 2,500 structures planned for flood prevention, recreational development was included in fewer than 30 structures.

Future water supply for municipal and industrial purposes is vital to the growing, developing area. One amendment to the Watershed Act was provided to help solve this problem of adequate future water supply.

The Department of Agriculture now can assist local organizations develop water supply for future use in watershed projects in the same manner as the Department of the Army and the Department of the Interior under the Flood Control and Reclamation Acts.

USDA now is authorized to pay up to 30 percent of the total cost of a reservoir for the purpose of storing water for future municipal or industrial use. Repayment and interest charges may be deferred up to 10 years if the stored water is not used during this period. Repayments begin as soon as the water is first used. Full repayment must be made within the useful life of the structure but not to exceed 50 years from the time of initial use.

TITLE II

EXPORT EXPANSION FACILITATED

Provisions in Title II of the Food and Agriculture Act of 1962 will facilitate U. S. efforts to expand its exports of agricultural commodities. This will be done through amendments to the long-term dollar credit program and the school lunch authorization in Public Law 480.

Specifically, provisions in Title II of the Food and Agriculture Act of 1962 do the following:

1. Authorize the Secretary of Agriculture to make dollar credit export sales agreements with foreign and U. S. private trade firms. This is in addition to the existing authority to make such agreements on a government-to-government basis. It should increase the opportunities for sales under this program.
2. Authorize dollar credit export sales agreements with banks and other financial institutions acting in behalf of governments. This should broaden the program to some countries whose laws make it difficult to conclude government-to-government agreements.
3. Permit scheduling payments in reasonable -- rather than approximately equal -- annual amounts. In addition, the date for beginning annual payments may be deferred up to two years after the last delivery in each calendar year. This will make possible more flexible terms that can be adjusted to a country's ability to pay.
4. Specific authorization is given for donating commodities for use in non-profit school lunch programs outside the United States, permitting expansion of programs already underway or planned.

Title III

PRODUCTION MANAGEMENT

The new farm law is designed to maintain and increase farm income; to continue the reduction in surpluses which began with the 1961 emergency program; and to cut the cost to the taxpayers.

The legislation extends the current emergency feed grain program into 1963 with some changes, but provides no diversion program for 1964.

The 1963 wheat program calls for voluntary diversion of land from production and is similar to the 1962 program.

For 1963, wheat and feed grain growers who participate in diversion will receive a price support payment in kind of 18 cents per bushel produced.

For land taken out of production they also will be paid at a rate up to 50 percent of the value, at the price support level, of the normal production of the diverted land.

A new wheat program for 1964 will serve to control production if it is approved by two-thirds of the farmers in a national referendum.

Under this marketing certificate program, the 55 million acre national allotment will be eliminated and the Secretary will set a national quota and allotment based on estimated domestic and foreign requirements and desirable cuts in CCC stocks.

Two levels of price support will be set up under the new program -- one on wheat for food and a portion of that for export, and the other on wheat for livestock feed. The two-price plan will limit the amount of wheat eligible for the higher support, which will be established between 65 and 90 percent of parity.

The new program represents a major step to control wheat production and to bring the surplus down to manageable size.

The total carryover of all feed grains declined from 85 million tons in 1961 to 73 million tons in 1962. The carryover for October 1, 1963, is expected to be about 62 million tons.

The farm bill offers no feed grain program for 1964 and thereafter. The Secretary is authorized in 1964 to set the price support between 50 and 90 percent of parity at a level that he decides will not increase CCC stocks of feed grain.

The 1963 Feed Grain Program

This is a voluntary program covering corn, grain sorghum and barley.

Farmers can take part by reducing their 1959-60 base acreage by at least 20 percent.

Those who participate will be eligible for price supports at \$1.20 a bushel for corn. This will come through a national price support loan at \$1.02, and payment-in-kind of 18 cents from CCC stocks. CCC will assist farmers in marketing their payment-in-kind certificates. In addition, payment will be made for land diverted at a rate up to 50 percent of the price support level for the normal production of the diverted land. No price support will be given to those who do not take part.

Price supports for other feed grains will be related to corn.

The 1963 Wheat Program

Wheat growers already have approved marketing quotas for the 1963 crop and have planted or are making plans on acreage based on the 55 million acre national allotment. The 1962 farm law calls for wholly voluntary diversion of 1963 wheat land.

Farmers with wheat allotments of 15 acres or more may qualify for payments by diverting from production 20 to 50 percent of their allotments.

There are other provisions for farms with allotments of less than 15 acres. A small farmer must divert from his allotment or the small farm base -- whichever is larger. In any case, he may divert up to 10 acres. Participants would be eligible for diversion payment up to 50 percent of the price support value of normal production on the diverted land. In addition, those who participate and comply with allotments would qualify for price support loans at \$1.82 per bushel (national average) and an 18-cents-a-bushel payment-in-kind.

Such farmers would therefore receive support at \$2 a bushel, through the loan and the payment-in-kind program.

Cooperating farmers could choose to exchange the payment-in-kind certificates for wheat from CCC; to sell the certificate, or ask CCC to market the certificate for them.

For those who do not sign up for diversion but who stay within the 1963 wheat allotment, the support level would be \$1.82. For those who make a diversion agreement but do not comply with it, there will be no price support and no diversion payment.

The 1964 Wheat Program

The marketing certificate program will eliminate the 55 million acre national allotment.

Participating producers will be assured of price support between 65 and 90 percent of parity for their share of wheat to be used domestically for food and for export. Any wheat produced beyond that amount would be used for seed or feed or marketed at a price related to the feed value and the world price of wheat.

The price support system will thus be revised. Certificates will be used to distinguish between wheat for food and wheat for feed.

Under the program, the Secretary will estimate the number of bushels of wheat to meet requirements for the coming year, and determine a national allotment large enough to produce that quota, which cannot be less than one billion bushels. This is similar to what is now done in programs for tobacco, cotton and rice.

Farmers could qualify for diversion payments for two years on acreage equal to the difference between the new allotment and the allotment they would have received based on 55 million acres nationally. Diverted land would be put to conservation uses.

The long range program provides a tool to adjust the supply of different kinds of wheat to demands for them. The Secretary will be authorized to raise the allotment for any type of wheat that would otherwise be in short supply.

The Secretary is authorized to put the 1964 program into effect in an orderly way to avert either large profits or heavy losses which might occur.

A notable change for 1964 will be abolition of the 15-acre exemption under which any farmer could grow 15 acres of wheat. However, those with an acreage history under this provision would be credited with their history and given an allotment on that basis.

Those with 15 acres or less who choose to take part could divert as much as their entire acreage for payment. The bill also provides that:

If more than one-third of the growers voting reject the program, price support will be set at 50 percent of parity to cooperators.

Some crops not in surplus, such as safflower and sesame, could be raised on diverted land, at the Secretary's discretion. Partial diversion payments could be made.

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Title IV

NEW CREDIT SERVICES

FOR RECREATIONAL DEVELOPMENT AND SHIFTS IN LAND USE

Loans by USDA's Farmers Home Administration are authorized for development of recreational facilities, to help farmers develop new income-producing opportunities.

All the improvements made in the credit services of the Farmers Home Administration program will be helpful in carrying out the rural renewal and resource conservation and development section in Title I of the Food and Agriculture Act of 1962.

Provisions under Title IV:

1. Add "recreational uses and facilities" to the purposes for which real estate loans may be made to the owner-operators of not larger than family farms.

The interest rate on most loans is 5 percent, and the repayment is up to 40 years. The loan and other debts against the security property may not exceed its normal value. Maximum loan is \$60,000.

2. Add "shifts in land use including the development of recreational facilities" to the purposes for which loans may be made to associations serving farmers and other rural families in small communities up to 2,500 population. The interest rate varies but may not exceed 5 percent and loans may be made up to \$1 million. Repayment period is up to 40 years.

3. Add "recreational uses and facilities" to the purposes for which operating loans may be made to the operators of not larger than family farms. The interest rate is 5 percent, and the maximum loan \$35,000. Repayment period is up to seven years.

Fish Farming -- The definition of farmers is broadened to permit persons engaged in fish farming to qualify for Farmers Home Administration credit assistance. This improvement will permit farmers to develop an additional enterprise to supplement their income.

Real Estate Loan Action -- The total amount of real estate loans that may be made out of the insurance fund and held on hand at any one time is increased from \$10 million to \$25 million.

Increasing the ceiling to \$25 million will permit the sale of larger blocks of loans to National lenders, increase the number of loans available for sale to State lenders, and permit a more orderly operation of the insured loan fund.



